

The Builders Housing Co-operative of Montreal

by A.F. Laidlaw, Co-operative Union of Canada, 1959

NOTES ON

The Housing Co-operative of Montreal
(La Cooperative d'Habitation de Montreal)

prepared by
A. F. Laidlaw

1. Name and address

La Cooperative d'Habitation de Montreal (The Housing Co-operative of Montreal)
St. Leonard de Port Maurice
Montreal, P.Q.

Present manager (December 1959): Mr. Romer Gauthier

2. Organization

A co-operative whose members are individuals; organized in May 1956; membership open to any Canadian citizen living within Montreal area; board of nine directors appointed by annual meeting; supervisory committee of three, also appointed by annual meeting, independent of board.

3. Nature of organization

It is a construction or building co-operative (rather than a housing co-operative). The co-operative contracts with the members to build houses for them. When completed the houses belong to the members individually but can be resold only under conditions laid down in the by-laws. Unlike the co-op groups in Nova Scotia, the members do not contribute labour in the construction of houses, although they may do the interior painting after they move in.

4. The members

The members, now numbering almost 1000, are a cross-section of people of medium salaries: clerical workers, civil service personnel, skilled and semi-skilled workers, technicians and professional people. Many have salaries in the \$3500-4500 range. Probably 50-60% have automobiles.

5. Membership

The member pays an entrance fee of \$10.00. He then makes a weekly payment of \$2.10 to the co-operative, \$2.00 going to his savings (a form of loan capital) and 10¢ (not repayable) to defray administration costs. Minimum shares per member -- \$100.00; maximum -- \$500.00. The savings and shares of the members form a pool of money from which the society provides second-mortgage loans to members.

6. Meetings

In addition to the annual meeting there is a monthly consultative or advisory meeting of the members, which the manager and directors usually attend. The attendance is high, averaging about 500. The drawing for houses, as explained in the by-laws, is held at this monthly meeting.

7. Staff

The manager, a former union organizer (textile workers), has 15 years experience in housing. There is an assistant manager and office staff of ten. There are several part-time consultants: lawyer, architect, engineer, surveyor and accountant. About 90-100 are employed throughout the year (no lay-off in the winter) in the construction trades. They are building about 140 houses a year at the present rate.

8. Land and lots

The co-operative has considerable land in two locations (cost over \$400,000) from which lots are sold to members. The locations are at St. Leonard and Charlemagne near Montreal. The minimum lot is 5000 sq. ft., the average 6300 sq. ft., costing 11¢ per sq. ft. To pay for a lot the member pays \$10.00 in cash and \$10.00 a month, but he may pay in full at any time.

9. The houses

The houses all have 3 or 4 bedrooms, the smaller ones of about 1300 sq. ft. The average final price is around \$9500, with split-level models going over \$11,000. The society builds six standard models and four more modern types, and the general design and appearance are attractive. About 450 homes have been finished at St. Leonard and building has been started at Charlemagne.

10. Home financing

With the plan of member savings plus shares providing second mortgage loans on houses, the member gets a home with a low down payment or cash equity. The manager jotted down these figures as a sample, taking one member:

Cost of lot and house	\$8600
Paid towards lot \$100	
Weekly savings (\$2.00) 126	226
	<hr/> 8374
1st. mortgage loan, provided by caisse populaire	6500
	<hr/> 1874
2nd. mortgage loan, provided by society and limited to 25% of 1st. mortgage	1500
	<hr/>
Additional cash needed by member	374

The first-mortgage loans, generally \$6500-7500, have been provided by Les

Artisans (co-operative insurance), the caisses populaires, and L'Assurance-Vie Desjardins. NHA financing has not been used but the Quebec government provides a substantial interest subsidy, amounting to half the interest up to a maximum rate of 6%. The society provides the 2nd mortgage loans at 5%.

11. Finances of Society

The Society now has assets of over \$550,000 (December 1959). Its principal asset is in building lots. Construction of houses last fiscal year involved a turnover of \$1,240,000. Surplus earnings amounted to about \$26,000 last year. The accumulation of cash assets makes additional funds available for loans to members and for the purchase of more land.

12. Construction

The society is ⁱⁿ the position of general contractor for the members. It has a heating and electric department, woodworking department and garage with heavy equipment, bulldozers, trucks, etc. Its own men do most of the carpentry, woodworking, plumbing and electric wiring, while the other jobs are sub-contracted; windows and doors are bought outside.

13. Other services

The housing co-operative has a hardware service, two restaurants, milk delivery and a department for maintenance and repairs. There is also a snow-removal service. The members have a separate consumer co-operative for fuel oil.

14. Co-op connections

An important feature of this housing development is that it is closely connected to other branches of the co-operative movement in Quebec: co-operative insurance, the caisses populaires, the provincial federation of housing co-operatives, the co-operative union (Le Conseil de la Cooperation du Quebec), and the co-op whole-sale, Federee (for supplies and fuel oil). The federation of housing co-operatives in Quebec has 67 members, of which this one in Montreal is the largest.

The Co-operative Union of Canada
Ottawa, December 1959.

Supplement

by Jim MacDonald, as of May 19, 1960

To Notes

by A.F. Laidlaw, as of Dec., 1959

on

The Housing Co-operative of Montreal
(La Cooperative d'Habitation de Montreal)

1. Precise address

4470 rue Lavoisier--St. Leonard de Port-Maurice. Ph. # RA 2-3558
Approximately 1 mile Northeast of the Blvd. Shopping Centre on Pie IX Blvd.
Present Manager -- Mr. Edmond Bergeron

2. Organization

Mr. Albert Cote, president of the Quebec Federation of Co-op
Housing is credited with the idea and initial plan. His address is:
684 Est Grande Allee, Quebec City.

The organization and management was supplied by former manager,
Mr. Romer Gauthier, who is considered to be a dynamic man of great drive
and capability.

3. Staff

Practically all employees are members of the trade union appropriate to their job. A closed shop condition applies, and prevailing union rates and other union conditions exist. The worker's productivity is above the norm, attributable to the feeling of security that derives from steady employment, pension plan, good relations with the co-op employer; and a feeling of social usefulness not generally found among employees working for a private profit employer.

4. Land and lots

The St. Leonard location now has 500 houses built and 200 remain to be built on the land available there. Construction continues at a steady pace.

A grounds committee exists to encourage landscaping within the 3 year period allowed to have it completed. The estimated cost of such a job is \$500.00 per lot. Many members are doing their own.

The Co-op draws its water from the municipality of which it forms a part. It is expected that by 2 years hence the municipality will have paved the project's streets and will supply other services including sewage disposal, which at present is taken care of via individual septic tanks. (In the Charlemagne project it is expected that these services will be provided from the beginning).

Some lots have been set aside for small parks, playgrounds and Co-op shopping centre.

As in most new sub-divisions, trees are difficult to save; but a realization of their value exists and efforts are made to save as many as possible.

5. Houses & cost

There are 6 designs: split level; L shape bungalow, and $\frac{1}{2}$ of a double bungalow at: \$12,500, \$9,600, and \$10,000, with first mortgages of \$7,500, but where owner must arrange his 2nd mortgage money. First mortgage payments per month are a maximum of \$56.14.

The 3 remaining designs are: $1\frac{1}{2}$ storey--(in which owner later finishes the 2 upstairs rooms, giving him 5 bedrooms), and two five room bungalows of different outside appearance. Prices of this group are: \$9,300 and \$8,600, with \$7,000 and \$6,500 1st mortgages having monthly payments of \$52.40 and \$48.65. Choice of designs among this last 3 enable the owners to get a second mortgage from the Co-op @ 5%, repayable from \$12.00 to \$20.00 monthly.

The houses are of attractive design, well built, hardwood floors throughout, all with at least 3 bedrooms and closets, bathroom, good size kitchen; picture window in living room, linen closet, double closet in master bedroom, hot air oil heat and excellent basement. Outside paint trim must be done by the owner within 3 months, otherwise the Co-op does the job and bills the owner.

There are no fireplaces or dining rooms. Drywall interiors and brick veneer exteriors, with 1st class materials throughout were also observed. Optional extras include: Anglestone on front for \$100.00; additional electrical outlets at \$4.00 each. Coloured bathroom fixtures and ceramic tile would also be extra. The outside dimensions of, for example, the 6 room L shape bungalow are 40' x 39'. Wooden storm windows are provided.

The monthly payments are repayable directly to the financing Co-op or Caisses Populaires that supplied the 1st mortgage money. The rate is 6 $\frac{3}{4}$ % with a 20 year term.

Taxes now average \$110.00 annually and are expected to increase to \$250.00 when all municipal services are provided 2 years hence.

The Co-op plans for a 10% fixed margin over cost on each house to cover administrative and other costs. Any variance in costs causes an adjustment in the price of the house.

6. Transportation

After considerable effort, bus service was secured with a $\frac{1}{2}$ hour schedule in rush periods and 1 hour schedule otherwise. Mindful of the traffic problem, efforts are being made to secure land near downtown Montreal as part of an urban redevelopment plan.

7. Resale rights

The owner must sell back to the Co-op, getting his equity-- adjusted to market value, plus the reasonable cost of his improvements to the property. A by-law provides for arbitration of any dispute between the owner and the Co-op on price.

8. Interest subsidy

The provincial government grants an interest subsidy of $\frac{1}{2}$ the interest rate to a maximum of 6%. There are numerous other conditions attached to the right to obtain the subsidy, for example: lot size must be at least 5,000 sq. feet; only the first owner of a house gets it; the maximum

amount of mortgage loan on which it is paid is \$7,500. It is paid to the owner twice a year by the government, and can amount to \$2,000. over a period of mortgage repayment. While it was intended to be the Quebec Government counterpart of the federal government's N.H.A. assistance, the Co-op reports that CMHC financing will be used to some degree in the Charlemagne and future projects.

The really significant thing is that the relatively modest cost of the homes in this Co-op is not due to the Quebec Government interest subsidy. That is but an additional boon for the home owner.

9. How are such prices possible?

The Co-op answers with these points:

- a) Buying land in large quantity.
- b) Bulk purchasing of all building materials, with rigid cost control.
- c) Reasonable uniformity of design, making for easy familiarity of construction workers with job; and progress reports on labour productivity for each unit built.
- d) Skilled technicians, managers and workers, and very little sub-contracting.
- e) No advertising.
- f) No commissions.
- g) No production for profit.
- h) Steady employment for some workers, due to large scale operations.
- i) Items referred to in #5 available at extra cost.

10. Possible elsewhere?

It would seem to be possible anywhere that: it is considered desirable, need exists, financing can be arranged, land obtained close enough to resident's employment, basic co-op education is given to members and sustained, good management obtained, workers are made to feel part of the project--but not at the expense of trade union membership, supply contracts are carefully negotiated, and preferably a co-op housing organization exists to promote such a project.

BY-LAWS AND REGULATIONS

of

THE HOUSING CO-OPERATIVE OF MONTREAL

Society controlled by the Co-op Societies Act
of Quebec
(S. R. Q. 1941, Ch. 290)

CHAPTER I

General Provisions

1) Organization

Under the control of the Co-operative Societies Act of Quebec, and the name "The Housing Co-operative of Montreal", it is founded in Montreal, Province of Quebec, by the persons and corporations who have signed the appropriate declaration, and all those admitted to future membership, a co-operative society with variable capital and limited liability.

2) Boundaries and Head Office

a) The boundaries of the society extend to the Island of Montreal.

b) The head office is situated in the town of St-Leonard de Port-Maurice, Laval County, at the site determined by the Board of Directors.

3) Aims

The aims of the society are:

a) To provide its members with family housing offering all the guarantees of cleanliness and comfort;

b) To promote greater knowledge of the great social value of family housing;

c) To teach its members the benefits of co-operation and its practical value for the promotion of their economic and social interest, and insofar as possible to promote other types of co-operatives in the centres where it operates.

4) Powers

Without restricting the powers conferred upon it by the Act, the Society can, provided it is for the benefit of the members:

a) acquire property or land with or without buildings for use or for resale;

b) to build homes and accessories to them;

c) in a general way to carry on all transactions deemed necessary or useful to the achievement of its aims.

5) Fiscal Year

The fiscal year begins on January 1 and ends on December 31.

CHAPTER II

Members

6) Types of Members

The society is made up of two types of members:

- a) active members
- b) auxilliary members.

7) Active Members

a) Any Canadian citizen residing or working within the boundaries of the society can become an active member;

b) In the case of a Canadian citizen who is a home-owner at the time of his application for membership, or who becomes a home-owner before signing the sales contract, such a person must appear before the board of directors for a decision. This ruling is final and irrevocable.

c) In order to become an active member, one must have signed the application for charter, or an application form; he must subscribe the minimum of share capital as determined by the by-laws, pay his entrance fee and undertake to observe the by-laws and regulations in respect to religion, family and property; and be accepted by the board of directors.

8) Auxilliary Members

Individual societies or companies desiring to promote family housing can become auxilliary members. The conditions of admission are the same as those provided for the active members.

An auxilliary member cannot vote or fill any office.

9) Loss of Membership

Loss of membership takes place by withdrawal, exclusion or death.

10) Withdrawal

Any member can withdraw from the society by giving notice or a simple statement to that effect to the secretary or manager of the society.

11) In case of death, the transfer of share capital must be made in the name of an individual specifically designated by the legal heirs or by the will of the deceased.

12) Expulsion

The Board of Directors can expel any member whose conduct is prejudicial or harmful or for any other reason as provided in Article 44 of the Act.

Expulsion takes place according to the said article, but the society must give each member whom it intends to expel the opportunity to present his case.

13) Effects of Withdrawal, Expulsion or Death

The effects of withdrawal, expulsion or death in regard to the reimbursement of shares and weekly deposits are regulated by Articles 15 and 18.

Chapter III

Capital, Shares, Entrance Fees

14) Minimum Share Capital

The minimum share capital of the society is \$5,000.

15) Shares:

- a) each share will be \$10.00.
- b) the minimum number of shares for full membership will be ten, and the maximum number will be fifty.
- c) the member must make his minimum payment when he applies for membership, either in cash or by a cash deposit of at least \$10, followed by monthly and consecutive payments of at least \$10 each, until the minimum requirements are met, unless some other mode of payment is approved by the board.
- d) the full payment of each share will be attested by a receipt to the member.
- e) no interest will be payable on the minimum number of shares.
- f) the shares are designated (only the shareholder in whose name the shares are held can vote.) and are not transferrable without the approval of the board of directors.

16) Refund of Shares

The refund of share capital is not permitted unless the conditions of the society allow it, and with the approval of the board of directors, all in accordance with Article 46 of the Act.

17) Entrance Fee

The amount of entrance fee is determined from time to time by the board of directors.

18) Lien

So long as a member has not completely paid his debts and has not been freed of all obligations towards the society, the society can at any time recover these debts by applying against them the funds of any type deposited in the society in the name of the said member.

Chapter IV

Operation

19) Weekly Deposits

a) All active members must deposit a weekly sum of \$2.00 in the society until this has reached the sum of \$1200.00, and in addition 10¢ weekly to defray administrative expenses.

b) Whenever the society has accumulated an amount of \$1200 and each time thereafter that it will have this amount on hand the board of directors will hold a draw to determine which member will be the owner of the next house to be built; any member who will be more than two weeks in arrears will not have the right to participate in the draw; and any member who will be more than five weeks in arrears will be considered to be no longer a member of the co-operative.

c) Notwithstanding the preceding paragraph, the society can build the house of a member without waiting for a draw on condition that this member:

1. - deposits an amount equal to the difference between the estimated cost of the house, and the amount of the first mortgage;

2. - continues to deposit regularly \$2.00 per week plus 10¢ per week for administrative expenses, as long as his number has not been drawn.

d) If a member stops making payments, and cannot find another person acceptable to the board of directors to purchase his deposits in accordance with paragraph (a) and to succeed him, the board can expel him, and the latter will have no right to any refund except in the case of winding-up, at which time he would become a creditor of the co-operative. The amounts thus accumulated carry no interest.

e) In the case of death of a member in good standing, his heirs will have right to a refund of the amounts deposited by this member without interest within sixty days of his death; the board of directors will assume the responsibility of finding a replacement for him if it so decides.

20) Land

The member must furnish and pay for his land, the location being subject to the approval of the board of directors, unless the society decides to add the cost of land to the price of construction.

21) House Construction

a) The society undertakes the purchase of materials, supervises the labour, and builds each house; the member to whom the house will belong will be chosen by a drawing.

b) The society only serves as an intermediary or agent of the member for the building of his house. Before beginning construction the society will make an estimate of the cost of the house and of the land, if the case applies, but the member must pay the society the actual cost plus the expenses of administration which will be determined from time to time by the board of directors.

22) First and Second Mortgages

On taking possession of his house, the member must borrow the total cost and reimburse the society. However, if the total cost of the house cannot be borrowed and if the member can in no other way reimburse the society in full the society will keep a second mortgage for no more, except by authority of the board of directors, than 10% - 25% of the amount of the loan, which will be repayable in equal consecutive monthly payments set by the board of directors; the amount of the second mortgage will carry interest at the rate of 5% per annum.

23) Restrictions

The sale of the house being made for the sole purpose of making it possible to gain ownership to a family home without profiteering on the part of the seller, it is understood that no speculation can be carried on by one who acquires a house.

To guarantee this restriction the buyer undertakes not to sell, exchange or in any other way lose possession of, except by succession, the said property without first offering it to the society by registered letter, addressed to its business office.

The seller can buy the said property by refunding to the owner the price established in the original sales contract, less the mortgages and other pertinent charges, and on paying to him the actual value of the improvements and additions, plus a certain amount for the higher value which the property could have acquired due to the increase in the market value of real estate. In such a case the share capital of the owner will be taken over and transferred to the new owner.

After receiving such notice the society will have a waiting period of fifteen days during which time it can determine and pay in cash the price of resale of the said property and to sign the contract.

If the parties cannot agree on the price of re-purchase of the said building and if on the other hand the seller (the society) before the expiry date of the waiting period already referred to has notified the owner at his home of its intention to exercise its right of re-purchase of the said property, the price of re-purchase, including the cost of improvement and additions, and the increase in real estate values will be determined by three arbitrars, named in the following manner:

one by the society, one by the owner, and a third by the other two, and if the two cannot agree, the nomination will be made by the Federation of Housing Co-operatives of Quebec at the request of one of the two parties concerned. The majority decision of the arbitrars will be final and not subject to appeal.

After the waiting period of fifteen days, already mentioned, each party will have an additional waiting period of three days to name an arbitrator of its choice, and if the party fails to do so the other party will himself be able to name the other two arbitrars.

The arbitrars will have to make known to both parties their decision within seven days from the date of the appointment of the last arbitrator.

As soon as the actual value of the improvements and additions and the increase in values have been established by the arbitrars and communicated to the parties, the parties must sign without delay the agreement of re-purchase of the said property.

Chapter V

Section I

General Meeting

24) Annual general meeting

a) the society holds its annual general meeting within sixty days following the end of the fiscal year. Only active members have the right of vote, while auxiliary members, guests and individuals admitted by the president can be present.

b) The meeting properly convened represents the whole membership no matter how many members are present.

c) The date, the hour and the place are fixed by the board of directors.

d) The notices of meeting are sent by letter mailed at least five days before the date of the meeting.

e) The decisions taken at a meeting cannot be nullified because some members have not received their notice of meeting.

f) The agenda of the meeting is as follows:-

- 1.- Prayer and call to order by the president.
- 2.- Reading the notice of meeting.
- 3.- Reading and adopting the minutes of the last meeting.
- 4.- Study and adoption of the annual report.
- 5.- Study and adoption of the auditor's report.
- 6.- Distribution of surplus.
- 7.- Election of directors of members of the supervisory committee and of the auditor.
- 8.- Consideration of any subject which pertains to the general interests of the society.
- 9.- Closing and adjournment.

25) Special general meeting

a) A meeting properly called represents the total membership no matter how many members are present. Only the active members have a right to vote, the auxiliary members, guests and persons admitted by the president being able to be present.

b) A special general meeting is called on request of the board of directors, of two members of the supervisory committee, or on demand by one-tenth of the members. The calling of the meeting is done by the president, the vice-president or the secretary.

The supervisory committee, or two of its members, can at any time convene a special general meeting.

c) The notice of meeting is sent by letter posted at least five days before the date of the meeting, and it must clearly specify the purpose of the meeting.

d) A special general meeting can discuss only the purposes of the meeting specified in the notice.

26) Monthly general meeting

The society would hold a monthly general meeting called "a consultative meeting," in order to inform the members about the activities and to obtain from them appropriate suggestions. A decision taken by such a meeting does not bind the board of directors or the society.

Section II

Board of Directors

27) Its membership

a) The society is administered by a board of directors of nine members.

The board is partly changed every year in stages, the two first years by drawing lots, and thereafter by seniority. All are eligible for re-election.

b) The board is elected by the general meeting at the annual general meeting. In order to be eligible a director must be a member for six months, except for the first year, and he must be in good standing with the society.

c) Three consecutive absences without cause at meetings of the board of directors result in the expulsion of the member from the board.

28) Meetings

a) The Board will meet as often as necessary to conduct the business of the society. It must, however, after election, set the date of a monthly meeting.

b) The president, the vice-president, the secretary, the manager or two members of the board of directors can decide on the holding of a meeting. The notice of the meeting must be sent at least three full days before the day of the meeting by letter, unless the board decides otherwise.

29) Quorum and Decisions

A quorum is five, and the decisions are taken by the majority of the directors present.

Section III

OFFICERS

30) President

The president presides over meetings, maintains order, directs discussion, sees that regulations are observed, and decides on matters of ordinary procedure.

31) Vice-president

In the absence of the president, the vice-president takes his place at all functions that he can fill. In the absence of the vice-president, the meeting chooses for itself a chairman from amongst the directors present.

32) Secretary

The secretary has custody of the records of the society. He keeps the minutes and he makes them available to anyone who has a right to them.

33) The manager

The operation of the business of the society is entrusted to the manager.

- a) He has charge of the society under the immediate direction of the board of directors.
- b) He has responsibility for the care of the assets and property of the society. It is his responsibility to cover them with sufficient insurance.
- c) He has charge over the cash and the funds and the accounts. He has charge of the bookkeeping, or if he has a book-keeper he supervises him.

- d) He has complete charge of the staff. He informs the board of directors of appointments, suspensions, and dismissals of employees.
- e) On request by the board of directors, the auditor, or the members of the Supervisory Committee, he must submit all records to inspection.
- f) Every year with the help of those who are on his staff he makes an inventory of the property of the society; the inventory is made at cost price with reasonable provision for depreciation. A duplicate is deposited with the board and the original in the records.
- g) Each year the manager prepares a statement of the financial position of the society; and this statement must be as follows:
 - 1.- a list of the assets and liabilities of the society.
 - 2.- a statement of the business operations of the year, showing profits and losses.
 - 3.- all other statements that may be requested by the board of directors.

The accuracy of such a balance sheet must be verified under oath by the manager before any person authorized to take oaths.

- h) The manager and every person having charge or responsibility for the funds of the society must be bonded in a manner and in the amount set at the discretion of the board of directors.

Section IV

34) Supervisory Committee

- 2) Each year the general meeting chooses a supervisory committee made up of three members who change every year, one at a time, the first two years by drawing lots and thereafter by seniority. All are eligible for re-election.
- b) The quorum is two.
- c) Three consecutive absences without reason from meetings of the supervisory committee disqualifies a member.
- d) The members of the supervisory committee cannot hold any other office in the society.
- e) The powers of this body are determined by Article 21 of the Act.

Section V

Auditors

35) Auditors

1) At each annual general meeting the society must name an auditor who has responsibility until the next annual general meeting.

2) The auditor will be chosen from the Tax and Auditing Service of Le Conseil de la Coopération du Québec. (The Co-operative Union of Québec).

3) The auditor has access at all times to the books, records, and accounts of the co-operative and has the right to demand from the directors and officers the necessary information and explanations required for carrying out his examination.

4) The auditor must make an examination sufficiently extensive to permit him to report to the members in accordance with paragraph 5 of this Article.

5) In his report to the members the auditor must declare if in his opinion the financial statements accurately report the condition of the co-operative at a given date & the operating statement of its business for a period ended at that date. He will include in the report appropriate declarations if:-

- a) The financial statement does not agree with the records, or does not satisfy the requirements of the present Act.
- b) Information and explanations which he has demanded have not been furnished to him.
- c) The necessary accounts have not been properly kept. The report of the auditor must be read at the annual general meeting.

Surplus

36) Division of Surplus

The surplus which remains in the hands of the society at the end of the fiscal year will be distributed as follows:

- 1) The accumulation of a reserve fund as provided in Article 36;
- 2) Paying to the members or crediting to the members of the co-operative the whole or part of the surplus which is distributable, by the general meeting, at a rate according to the quantity, quality and the value of the merchandise and products purchased, received on consignment, handed, transported or sold, all in relation to the services rendered by the co-operative on behalf of the members, either as intermediary or agent, or otherwise, adhering to appropriate differences in rates, according to different classes or categories of merchandise, products or services.

37) Reserve Fund

The reserve fund is built by keeping from the annual surplus an amount decided by the general meeting which amount must however be at least 2% of the said surplus.

This reserve fund can be used to cover extraordinary losses over and above the other resources of which the society can dispose. The said fund can reach \$50,000 before it will not be permitted to apply at least 20% of the annual surplus.

This fund is administered by the Board of Directors and cannot be divided in part or in whole among the members except in case of winding-up.

38) Application of dividends to share capital

In the distribution of dividends the general meeting may by resolution pay out shares to its members, and in accordance with such payment each member must have subscribed his minimum amount of shares and must pay these up with the dividend credited to him, but only to the extent of the amount of his dividend.

Chapter VI

Special Provisions

39) Conseil de la Cooperation

The society must affiliate with Le Conseil de la Cooperation du Quebec and the Federation of Housing Co-operatives of Quebec.

40) Change of By-laws

a) These by-laws and regulations can be amended either by a special general meeting adjourned for this purpose to a later date or at a special general meeting convened for this purpose.

b) The notice of meeting must clearly specify the nature of the amendments on which the meeting is to decide.

c) It is necessary that three-quarters of the members present at this meeting vote in favour in order that the amendments carry.

41) When they Come in Force

The present rules take precedence over all preceding rules and are considered to be in force from June 8, 1955.

St.-Leonard de Port-Maurice
May 17, 1959.